TREXIN INSIGHT PAPER

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UPDATES TO THE MEDICARE SHARED SAVINGS PROGRAM AND PHYSICIAN FEE SCHEDULE

An overview of the significant transformational updates that are now in effect.

The Biden administration completed significant reforms to the Medicare Shared Savings Program in November of 2022.

What is the significance of this? The alternative payment was designed by the ACA (Affordable Care Act), and the intention was to pay providers based on patient outcomes rather than how many services they provided. The program's provider involvement peaked in 2018, followed by a period of stagnation and falling interest from providers and hospitals.

CMS's objective is to promote equity and enhance participation in value-based care initiatives while maintaining engagement in its current ACO population.

An interesting fact I discovered when investigating the changes that took effect on January 1, 2023, and some of the underlying change drivers is that Medicare now pays providers what is known as fee for service payment (FFS). That is, a provider is compensated depending on the number of procedures completed. The provider is not compensated for enhancing his or her patient's health. If Medicare continues to use this as its primary method of payment to providers, there will be no Medicare money available by 2028. The motivation for CMS to migrate providers, physicians, and hospitals to value programs is to not only enhance treatment for their members but also to save money.

Let's take a look at what modifications were included in the Biden administration's revamping project, which was concluded in November of 2022 and became effective on January 1, 2023.

- Upfront contributions to rural and other underprivileged communities to kick-start the program.
- Provisions to reduce the financial risk for new provider groups (ACOs) to join or rejoin, as well as to make it easier for participants to earn money back from the government each year. The goal is to entice more providers to participate in value-based care while lowering the initial burdensome and high costs of becoming an ACO.
- The addition of a health equity adjustment.
- An updated benchmarking approach to guarantee that ACOs are not competing against their own best performance.
- The addition of interim telehealth codes until the end of 2023.
- Raises the quality data completeness criteria to 75% and modifies the objectives and strategies for promoting interoperability.
- ACO benchmark improvements are being made to encourage long-term participation. The updates are estimated to save Medicare $15 billion and generate $650 million in shared savings payments to ACOs.
- The 2023 Physician Fee Schedule adjustments will result in a minor (4.5%) drop in Medicare payments for physicians.

The Rule further extends coverage to the following areas:

- Behavioral health services are being expanded
- Dental care services (when that service is key to treating a medical condition)
- Cancer detection (The minimum age for colorectal cancer screening has been reduced from 50 to 45)

- New preventive care services

HOW CAN TREXIN HELP?

If your organization needs assistance with health equity and or value-based programs, please reach out to Trexin Consulting.

REFERENCES:

Calendar Year (CY) 2023 Medicare Physician Fee Schedule Final Rule - Medicare Shared Savings Program

An overhaul for Medicare's pay transformation program

CMS finalizes major reforms to Medicare Shared Savings Program, 4.5% doc pay cut in 2023

This TIP was written by Jessica Albrecht. Jessica welcomes comments and discussion on this topic and can be reached at jessica.albrecht@trexin.com.